

**STATE OF ILLINOIS
INTERNAL AUDIT ADVISORY BOARD**

**PERFORMANCE COMMITTEE
EXTERNAL QUALITY ASSURANCE REVIEW PROGRAM**

Agency

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Section A. - Introduction

The SIAAB has adopted the IIA’s ¹*Attribute, Performance and Implementation Standards for Assurance and Consulting Engagements* as the auditing standards for Audit Organizations in Illinois state government. These ¹*Standards* require that an external assessment, such as the SIAAB’s peer review or a self-assessment with independent external validation, be performed at least once every five years by an independent reviewer or review team from outside the organization (IIA ¹*Attribute Standard 1312*). An external assessment under the IIA Standards and the Board’s Peer Review Bylaws is required within five years of January 1, 2002 unless there is a major change in the organizational structure or leadership of the audit organization.

Section B. - Objectives

The objectives of the Performance Committee’s review of the external quality assurance or self-assessment with independent external validation is to apply review procedures that will enable the reviewer to determine with reasonable but not absolute assurance whether the internal audit activity demonstrates:

- Compliance with the Standards, Code of Ethics and Fiscal Control and Internal Auditing Act;
- Adequacy of the internal audit activity’s charter, goals, objectives, polices, and procedures;
- Contribution to the organization’s risk management, governance, control processes;
- Compliance with applicable laws, regulations, and government or industry standards;
- Effectiveness of continuous improvement activities and adoption of Best Practices (SIAAB); and
- Adds value and improves the organization’s operations.

Section C. - Review Procedures

Initial/Date/W/P

1. Review SIAAB guidelines, IIA Standards and Code of Ethics, and the Fiscal Control and Internal Auditing Act. _____

2. Obtain the following quality assurance documents for review:
 - a. SIAAB's Audit Requirement Matrix (Matrix). _____
 - b. Draft Quality Assurance Report (External Assessment or Self-Assessment). _____
 - c. Summary Memo or Schedule summarizing the extent of review performed. The Summary Memo or Schedule should clearly indicate that the Self-Study Report and Chief Audit Executive's Questionnaire were reviewed by the external reviewer/validator. _____

3. Review the Matrix and determine whether:
 - a. The quality assurance reviewer or CAE used the SIAAB Audit Requirement Matrix as required. _____
 - b. The Matrix was completed by the appropriate party, i.e. for external quality assurance the Matrix was completed by the external quality assurance reviewer; for self-assessments, the Matrix was completed by the CAE or designee. _____
 - c. Each step included a workpaper reference (if applicable) and the external reviewer or CAE initial's and date of completion. _____
 - d. For self-assessments verify that external validator documented their review of the Matrix by either initial/dating the Matrix and/or preparing supporting workpapers indicating the review of the Matrix. _____

4. Review the draft external quality assurance report and determine whether:
 - a. The SIAAB's report template was used. _____
 - b. All non-compliance issues were adequately supported in the the workpapers and summary memos provided. _____

Initial/Date/W/P

- c. The evaluator expressed an opinion as to the adequacy of the review/self-assessment and indicated the level of IA activity's conformity to the *Standards, Code of Ethics* and FCIAA. _____
- d. The draft report was signed by both the CAE and the external reviewer/validator. _____
- 5. Conclude on the adequacy of the external review/validation and if exceptions are noted follow-up with the reviewer/validator and/or CAE to ensure that the draft report is complete and accurate. _____
- 6. Forward the completed Performance Committee Review Program along with the internal audit activity's quality assurance documents to the Performance Committee Chair upon completion of the review. _____